(क) क्या यह सच है कि सरकार ने चालू वर्ष के दौरान बजटीय घाटे को कम करने के लिए देश में विभिन्न मदों पर दी जाने वाली राजसहायता की राशि में कटौती की है;

(ख) यदि हां, तो किस-किस मद पर दी जाने वाली राजसहायता की राशि में कटौती की गई; और

(ग) वे मदें कौन-कौन सी हैं जिन पर राजसहायता की राशि में चालू वर्ष के दौरान कटौती नहीं की गई तथा सरकार द्वारा बजटीय घाटे को कम करने के लिए राजसहायता की राशि में कटौती हेतु मदों के चयन के लिए क्या नियम तय किए गए थे?

**वित्त मंत्री (श्री यशवन्त सिन्हा):** (क) से (ग) वर्ष 1998-99 के लिए केन्द्रीय सरकार में 22025 करोड़ रुपये की कुल सब्सिडी की बजटीय व्यवस्था की गई थी। केन्द्रीय सरकार का यह प्रयास रहा है कि सब्सिडी प्रणाली को सुस्पष्ट बनाकर तथा जहां आवश्यकता हो सब्सिडी प्राप्त मदों के मूल्यों में परिवर्तन करके सब्सिडी प्रणाली को तर्कसंगत बनाया जाए। राजकोषीय घाटे को नियंत्रित करने की आवश्यकताओं और समाज के संवेदनशील वर्गों के हितों की सुरक्षा की जरूरत को संतुलित करते हुए सरकार ने "गरीबी की रेखा से ऊपर की" श्रेणी से संबंधित लाभानुभोगियों के लिए गेंहू और चावल पर सब्सिडी की वृद्धि पर रोक लगाने का प्रयास किया है। चीनी और यूरिया पर भी सब्सिडी की वृद्धि पर रोक लगाई गई है। चीनी सब्सिडी पर नियंत्रण का उद्देश्य सब्सिडी का बेहतर लक्ष्य निर्धारित करना है जबकि यूरिया सब्सिडी में वृद्धि पर रोक का उद्देश्य भिन्न-भिन्न किस्मों के उर्वरकों के और अधिक संतुलित उपयोग को बढ़ावा उपयोग को बढ़ावा देना है।

**Raw Silk Import Racket**

80. SHRI S.M. KRISHNA: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned "DRI bursts massive raw silk import racket"; if so, the details/status of investigations carried by DRL on extensive custom duty evasion scam;

(b) the details of bank guarantees encashed so far in the scam and the details of banks involved therein; and

(c) the action taken against the arring banking officials?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) The Government is aware of the news item which refer to a case of abuse of Duty Exemption Scheme taken up for investigation by DRI in later half of 1998. In this case investigations conducted by DRI so far have revealed that on the strength of advance licences procured on forged/bogus documents, duty free imports of raw silk were made through 25 companies of an organised syndicate. A number of these firms have been found fictitious/non-existent at given addresses. In addition to forgery in documentation, it was found that though the said advance licences were issued by officers of DGFT with the status of "Merchant Exporter", at the time of submission of these licences before custom authorities, the status of the licences was interpolated to read as "manufacturer exporter". This tempering has been done to reduce the liability of the importer to execute bank guarantee which is required @ 25% of duty liability in the case of "manufacturer exporter" *vis-a-vis* 100% bank guarantee requirement in the case of "merchant exporter". In some cases, bank guarantees produced before customs authorities have also been found to be *prima facie* forged ones. During investigations, 2 consignments of tussar silk/silk fabric valued at Rs. 60 lakhs were seized at Calcutta docks. No one has come forward to claim these goods so far. The DRI has arrested 5 persons in this case in January, 1999. Exact quantification of duty evasion shall be possible only on completion of the ongoing investigations.

(b) So far, 13 (thirteen) bank guarantees for an amount of Rs. 67 lakhs have been encashed. These bank guarantees were of Bank of Maharashtra. As regards forged Bank guarantees, these were of Bank of Punjab, New Delhi and Bank of Madura, New Delhi.

(c) Statement of two bank officials have been recorded. Action against bank officials would depend on the result of investigations.

**Suggestion of ASSOCHAM for moratorium on revenue expenditure**

81. SHRI RAGHAVJI: Will the Minister of FINANCE be pleased to state:

(a) whether the Associated Chambers of Commerce and Industry has suggested a five year moratorium on revenue expenditure and

the setting up of an agency to manage and monitor plan and non-plan spending;

(b) whether ASSOCHAM has also suggested the need to evaluate the borrowings by the States as a step to curb fiscal deficit; and

(c) if so, what are the details in this regard?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c) The Associated Chambers of Commerce and Industry (ASSOCHAM) in a publication entitled "Strategy For Fiscal Reforms" has given suggestions pertaining to India's fiscal position. These suggestions *inter-alia* include comprehensive policy on expenditure management both at the Centre and at the States, setting up of a high powered Administrative Reforms Commission, imposition of a legislative cap on borrowings at the Centre and at the States, subjecting State Governments to the forces of market evaluation in their borrowings, undertaking programme of privatisation and using its proceeds to retire debt, evolving consensus among political parties to review and rationalise major subsidies etc.

**Impact of European Currency on Indian Companies**

82. DR. ALLADI P. RAJKUMAR: Will the Minister of FINANCE be pleased to state:

(a) the impact of introduction of new European currency on Indian Companies; and

(b) the steps taken by the Indian Banks to handle Euro currency?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Euro, the new European currency, has been launched in January, 1999 and euro is for use by Central Banks, Commercial Banks and some large market players to begin with. It is too early to measure its full impact. However, some of the likely implications of the introduction of single currency are: reduction in transaction cost, elimination of exchange rate risks, and wider market. At the same time, companies are likely to face more competition. For the companies, the primary legal issue which will need to be addressed on account of the transition to the single currency is the continuity of existing contracts.

(b) RBI has permitted banks to extend FCNR deposit facilities in euro and/or DM till 31 December 2001. Thereafter banks can offer only deposits denominated in euro. RBI has advised banks to adopt EURIBOR and EURO LIBOR bench marks for pricing their foreign exchange transactions. Banks have been asked to set up Core Groups within each one of them to deal with issues relating to euro.

**Worsening Financial Position of States**

83. SHRIMATI CHANDRESH KUMARI: Will the Minister of FINANCE pleased to state:

(a) whether the Reserve Bank of India has observed that the financial position of the States is worsening;

(b) whether these observations indicate that the fiscal deficit of State Government is likely to widen by 17.5 per cent to Rs. 5,960.76 crore;

(c) whether Government propose to name such State Governments facing worse financial position;

(d) whether Government propose to take some immedite steps to check such State of affairs in future; and

(e) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) Reserve Bank of India brings out publications on the Finances of the State Government. According to some of the recent publications, the financial position of the States, in general, has shown deterioration in terms of some of the economic indicators.

(c) to (e) The transaction between a State and the RBI is conducted as per an agreement between the two. Since, it is a matter of relationship between the banker and the client (between the RBI and the State Government), such information is not published/made public by Government of India.

The States are autonomous under the Constitution. In the matter of financial management, the State Government is responsible to the legislature of the State or to the Parliament if, the State is in under President's Rule.